



# SDRS Outlook

Membership Newsletter • September 2018

## The Importance of Updating Your Beneficiary Designations

Perhaps one of the most important documents in each member's South Dakota Retirement System (SDRS) record is the beneficiary designation form. This form instructs SDRS as to who should receive your accumulated contribution balance when you pass away.

Your accumulated contribution balance includes 100 percent of your employee contributions and a portion of the matching employer contributions (50 percent if you have less than three years of service or 85 percent if you have three or more years of service), plus credited interest. Upon your death, there may be benefits available to your survivors, such as family benefits if you leave behind dependent children. After all other SDRS benefits have been paid, SDRS will distribute the remaining balance, if any, of your accumulated contributions as a lump-sum to your named beneficiaries.

Members should complete SDRS Form E-5, "Beneficiary Designation," when first hired. SDRS also recommends completing a new form any time there is a major life event. Marriages, divorces, births, adoptions, and deaths are all incidents that would prompt an update in beneficiary designation; however, updating beneficiaries often gets overlooked or delayed during these life-changing events. In some cases, this oversight can result in your assets not being distributed as you had intended.

Consider this hypothetical situation:

Beth, a married member, completes a beneficiary form designating her spouse as primary beneficiary and her son as contingent beneficiary. Beth and her spouse go on to welcome two more children into their family. However, Beth forgets to update her beneficiaries to include all of her children. Years later, after their children are grown, Beth and her spouse die in a car accident. Beth's SDRS account would be paid out as a lump-sum to her designated beneficiaries, which means that Beth's son, as the sole contingent beneficiary listed, would

receive the entire accumulated contribution balance even though Beth had two other children. In this case, Beth may have intended for all of her children to receive a portion of her accumulated contribution balance; however, the designations on file with the SDRS office must be followed.

### Regularly Review Your Beneficiaries & Update as Often as Necessary!

SDRS members may check their beneficiary designations by logging in to MySDRS, the secure side of the SDRS website, at [www.sdrs.sd.gov](http://www.sdrs.sd.gov). Members may also call the SDRS office toll-free at 1-888-605-SDRS (7377) to find out who they have listed as beneficiaries.

If you wish to make a change in your beneficiary designations, you must complete a new SDRS Form E-5 and submit it to SDRS. This form is available through the SDRS website at: [www.sdrs.sd.gov/docs/E5.pdf](http://www.sdrs.sd.gov/docs/E5.pdf).

### Considerations for Minor Children

It is important to note that SDRS cannot make payments directly to minor children. Payments must be made to the child's conservator or custodian. Because the legal process of naming a conservator and/or establishing a trust can be lengthy and expensive, you may want to consider appointing a custodian and successor custodian for minor children for SDRS purposes. You may do so by completing SDRS Form E-5A, "Transfer to Minor Form," which is available through the SDRS website at: [www.sdrs.sd.gov/docs/E5A.pdf](http://www.sdrs.sd.gov/docs/E5A.pdf).

By having this form on file with SDRS, the assets belonging to the minor are controlled and managed by the custodian you appoint until the minor reaches age 18. Note: a separate SDRS Form E-5A must be completed for each minor child.

# SDRS Welcomes New Board Members

The 2018 SDRS Board of Trustees election was held this spring. Three board positions were up for election this year: the public safety employee representative, a teacher representative, and the classified employee representative.

James Johns was elected by public safety employees to serve another four-year term on the Board. Mr. Johns is a captain with the Rapid City Police Department. He has served on the Board since July 2006.

Penny Brunken, one of two teacher representatives, ran unopposed in this year's election and will continue her Board service for another four years. She is a public school teacher for the Career & Technical Education Academy of the Sioux Falls School District. Ms. Brunken has served on the Board since July 2016.

New to the SDRS Board of Trustees is Kevin Merrill. Mr. Merrill ran unopposed to represent classified employees. He replaces outgoing Board member Jilena Faith, who did not seek reelection. Mr. Merrill is a housing management officer for the South Dakota Housing Development Authority. His term on the Board began July 1, 2018.

Also new to the SDRS Board of Trustees is Liza Clark. Ms. Clark was selected by Governor Dennis Daugaard to serve on the SDRS Board of Trustees as a Governor's appointee, replacing Lieutenant Governor Matt Michels. She is the Chief Financial Officer for the State of South Dakota and the Commissioner of the Bureau of Finance and Management. The announcement of Ms. Clark's appointment to the Board was made on July 1, 2018.

Each membership group elects its own representative(s) to the SDRS Board of Trustees. Elections for representatives to the Board are held each spring. The representatives' terms begin July 1, are four years in length, and expire on a staggered schedule.

The SDRS Board of Trustees is responsible for formulating and communicating a sound pension policy, establishing goals and objectives for SDRS, and ensuring the financial integrity of the system. The Board also proposes legislative changes necessary to sustain SDRS.

Additional information regarding the SDRS Board of Trustees, including current board members, meetings, minutes, and election information, can be found under the "About SDRS" tab on the SDRS website, [www.sdrs.sd.gov](http://www.sdrs.sd.gov).



**Kevin Merrill**  
Classified Employees  
Representative



**Liza Clark**  
Governor's  
Appointee

## Upcoming Board Meetings

### 2018

- December 6, View 34, Pierre

### 2019

- April 3 or 4, Location to be determined
- June 5 or 6, Location to be determined
- September 4 or 5, Location to be determined
- December 4 or 5, Location to be determined

## Upcoming Board Elections

### 2019

- County Commissioners
- Municipal Employees
- Justices, Judges, & Law-Trained Magistrates

### 2020

- Board of Regents Employees
- State Employees
- School Boards

### 2021

- County Employees
- Elected Municipal Officials
- Retirees
- State Employees
- Teachers

### 2022

- Classified Employees
- Public Safety Employees
- Teachers

# SDRS Travel Schedule

## INDIVIDUAL RETIREMENT COUNSELING SCHEDULE

DATE	LOCATION	ADDRESS	30-MINUTE SESSION TIMES AVAILABLE
09/17/2018	Belle Fourche, Community Center	1111 National Street	2:00—8:00 PM
10/01/2018	Vermillion, Holiday Inn Express	1200 N Dakota	2:00—8:00 PM
10/02/2018	Vermillion, Holiday Inn Express	1200 N Dakota	8:00 AM—8:00 PM
10/09/2018	Elk Point, Courthouse Community Room	209 E Main	2:00—8:00 PM
10/15/2018	Aberdeen, Dakota Event Center	720 Lamont Street S	2:00—8:00 PM
10/16/2018	Aberdeen, Dakota Event Center	720 Lamont Street S	8:00 AM—8:00 PM
11/19/2018	Mobridge, Wrangler Inn	820 W Grand Crossing	2:00—8:00 PM
11/26/2018	Yankton, Kelly Inn	1607 E Highway 50	2:00—8:00 PM
11/27/2018	Yankton, Kelly Inn	1607 E Highway 50	8:00 AM—8:00 PM
12/03/2018	Spearfish, Holiday Inn	I-90 Exit 14	2:00—8:00 PM
12/04/2018	Spearfish, Holiday Inn	I-90 Exit 14	8:00 AM—8:00 PM
12/10/2018	Madison, Karl Mundt Library	8th & Egan	2:00—8:00 PM
12/11/2018	Madison, Karl Mundt Library	8th & Egan	8:00 AM—8:00 PM
12/18/2018	Martin, Library Community Room	101 Main Street	2:00—8:00 PM

Planning for your retirement is important. Call the SDRS office toll-free at 1-888-605-SDRS (7377) to schedule an appointment with a retirement planner or discuss your retirement plans via telephone.

## PRE-RETIREMENT PLANNING WORKSHOPS & RETIREE FORUMS

DATE	LOCATION	ADDRESS	Time
09/27/2018	Mitchell, Highland Conference Center	2000 Highland Way	<b>At Each Location</b>
10/23/2018	Brookings, Swiftel Center	824 32nd Avenue	Forums: 3:00—4:00 PM Workshops: 5:30—8:00 PM

## EARLY & MID-CAREER WORKSHOPS

DATE	LOCATION	ADDRESS	TIME
09/26/2018	Yankton, Kelly Inn	1607 E Highway 50	<b>At Each Location</b>
10/22/2018	Watertown, Watertown Event Center	1901 9th Avenue SW	6:00—8:00 PM
10/29/2018	Rapid City, Hilton Garden Inn	815 E Mall Drive	
11/05/2018	Brookings, Swiftel Center	824 32nd Avenue	

## WOMEN & FINANCIAL PLANNING WORKSHOPS

DATE	LOCATION	ADDRESS	TIME
09/20/2018	Sioux Falls, Holiday Inn City Centre	100 W 8th Street	<b>At Each Location</b>
10/10/2018	Rapid City, Hilton Garden Inn	815 E Mall Drive	5:15—7:30 PM
11/06/2018	Pierre, RedRossa Italian Grille	808 W Sioux Avenue	
12/11/2018	Spearfish, Holiday Inn	I-90 Exit 14	

To register for a workshop or forum, visit [www.sdrs.sd.gov](http://www.sdrs.sd.gov) or call 1-888-605-SDRS (7377).



## South Dakota Retirement System

P.O. Box 1098

Pierre, SD 57501

## SDRS Recognized By Two Outside Organizations

The Society of Actuaries (SOA), the research and education organization for actuaries, sponsors an initiative called Retirement 20/20. This initiative is designed to explore new retirement models that are better suited for the economic and demographic needs of the 21st century. In 2017, the SOA issued a call for papers on public employee pension designs that focus on real world solutions that provide secure retirement benefits and a sustainable design. The South Dakota Retirement System (SDRS) submitted a paper based on its Generational benefit structure that was established in 2017. The SOA judged the papers based on specific criteria, including how the plan handles risk, governance, and administration and whether the design is understandable to all stakeholders.

SDRS was one of four designs honored by the SOA. The award was based on the recent innovative design changes developed by the SDRS Board of Trustees, enacted by the South Dakota Legislature, and signed into law by Governor Dugaard. The updated design builds upon the fiscally responsible principles that have driven the operation of SDRS since consolidation in 1974. This award is also a recognition of the excellent financial condition of SDRS, which has been achieved through outstanding and responsible fiscal management,

superior investment performance by the South Dakota Investment Council, and the ongoing support of the Executive, Legislative, and Judicial branches of state government and all stakeholders.

In other noteworthy news, a recently published Pew Charitable Trusts study entitled, "The State Pension Funding Gap: 2016," recognized SDRS as one of the two best-funded public pension plans in the nation. In 2016, 97 percent of the plan's accrued liabilities were funded. In 2017, the funded ratio increased to 100 percent.

The honor from the Society of Actuaries and the recognition from Pew Charitable Trusts again highlight the outstanding fiscal management and financial condition of the South Dakota Retirement System.

### SDRS Fiscal Year 2018 Highlights

The investment return for fiscal year ending June 30, 2018, was 7.94 percent. This is above the long-term assumed rate of return of 6.5 percent. The SDRS funded status as of June 30, 2018, is expected to be 100 percent.

*The information presented in Outlook is neither a legal reference nor a complete statement of South Dakota laws or administrative rules. In any conflict between this information and South Dakota laws or administrative rules, the laws and administrative rules shall prevail.*

*Outlook is produced to communicate the plan provisions, changes in law, and issues of interest to members of the South Dakota Retirement System. It is published with funds provided through the contributions of teachers, school boards, state government, state employees, county commissions, county employees, municipal governments, municipal employees, and other local units and employees. 49,850 copies of this document were printed on recycled paper by SDRS at a cost of \$0.077 per document.*